

Electronic Funds Transfer Payment Information

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Introduction

In order to maximize the benefit of taxpayer's dollars, the Tennessee General Assembly has authorized the commissioner of Revenue to require certain tax payments to be made immediately available to the state on or before the payment due date. Rules and regulations have been established by the Department of Revenue for the administration of this legislation, and the Payment Procedures contained in this document were originally implemented on January 1, 1992.

Two payment options are available that use the Automated Clearing House (ACH) system to electronically transfer tax payments. The ACH system is a nationwide network designed for this purpose, and is the preferred transaction method for many financial institutions and corporations. The clearing facilities, delivery methods and settlement services operated by the Federal Reserve System are utilized within this network in order to maintain security and increase the efficiency of transactions.

If help is needed with these transactions or with any part of the EFT payment process, please contact:

Electronic Commerce Hot Line: (866) 368-6374, toll-free in Tennessee or (615) 253-0704, Nashville-area and out-of-state.

What Are the Two Payment Options?

1. Automated Clearing House Debit (ACH Debit)

Under this option, the taxpayer authorized the state of Tennessee to electronically transfer tax payments from the taxpayer's depository into the state's account. Initiation of the transaction occurs through the state's new interactive tax system **TN Taxpayer Access Portal (TNTAP)**. The entire transaction must be completed by the due date in order to avoid penalty and interest charges. See Appendix A for detailed instructions.

Notice: Payments initiated using (TNTAP) are sent to the receiving bank via the Automated Clearing House (ACH) as a CCD transaction type. Some customers have filters or debit blocks on their bank account that would prohibit this type of payment from being processed without the receiving bank's prior knowledge of the Department of Revenue's intent to debit the bank account designated in the payment transmission. This can be resolved by providing the bank with the following 10-digit company I.D. number (or identifier) to store on file, prior to initiating payments through TNTAP. The number is **W626001445**

2. Automated Clearing House Credit (ACH Credit)

This option allows the taxpayer to initiate ACH transfers using the CCD + format (Cash Concentration and Disbursement). Most depositories or other currency management service providers usually charge a nominal fee for this service. The taxpayer will contact their depository or currency management service provider and instruct them to initiate the transaction at least two business days before the due date. The tax payment will then be withdrawn from the taxpayer's account on the due date and be deposited into the state's account. The funds transfer to the state must be completed by the due date in order to avoid penalty and interest charges. See Appendix B for detailed Instructions.

Appendix A: How to Use the ACH Debit Method

1. Log onto to TNTAP through the following link <https://tntap.tn.gov/eservices>. The taxpayer sets up tax account information on the site and banking information can be stored for future payments.
2. When initiating an ACH Debit payment for the first time or storing your banking information, an example of the bank routing number and bank account number is provided below. There are several variations of this same banking information at the bottom of each check. Please ensure that you do not include your check number when you key your bank routing number or bank account number. The check number may appear first, in the middle, or at the end of MICR line on the bottom of the check.

The diagram shows a sample check with the following details:

- Payor: Joe Smith, 1234 Anystreet Court, Anycity, AA 12345
- Payee: Pay to the order of _____
- Amount: _____ Dollars
- Bank: Bank Anywhere
- MICR Line: || 123456789 || 123456789123 || 1234

Below the MICR line, brackets identify the components:

- Routing Number**: 123456789
- Account Number**: 123456789123
- Check Number**: 1234

A large diagonal "SAMPLE" watermark is visible across the center of the check.

Appendix B: How to Initiate an ACH Credit

1. Taxpayer must make necessary arrangements with their depository or other cash management service to initiate ACH Transactions using the CCD Plus (CCD +) format. The free-form field of the special addenda record must be formatted in accordance with the Tax Payment Banking Convention (TXP) as adopted by National Automated Clearing House Association.
2. Separate transactions must be made for each tax type or for each tax document type. Separate transactions must also be made for each tax period being paid.
3. Refer to your depository or other cash management service for the *general* procedures and file specifications required in order to initiate and ACH Credit using the CCD + format.
4. The following information, unique to the Tennessee Department of Revenue ACH Credit transmissions for tax payments, must be included in the appropriate fields of the ACH entry detail record.

Entry Detail Record Format

Field Sequence		Field Name	Field Contents	Columns From	To	Length
2	M	Transaction Code	"22"	2	3	2
3	M	Receiving DFI ID	"06410709"	4	11	8
4	M	Check Digit	"1"	12	12	1
5	R	DFI Account	"82334700bbbbbbbbb"	13	29	17

2 - Transaction Code – Mandatory

Transaction Codes have been defined to identify various types of debit and credit entries. For credit entries, this field must be "22" – automated deposit.

3 - Receiving DFI Transit/Routing Number – Mandatory

This field must have a value of "06410709," which will identify the DFI receiving the data for the transaction.

4 - Receiving DFI Check Digit – Mandatory

This field must have a value of "1," which is the check digit for the receiving DFI transit/routing number above.

5 - DFI Account Number – Required

This field must have a value of "82334700bbbbbbbbb," which is the account number of the receiving DFI. The field must be left justified and trailing nine positions must be blank, indicated above with a "b."

Entry Detail Addenda Record Format

Field Sequence		Field Name	Field Contents	Columns From	To	Length
1	M	Record Type Code	"7"	1	1	1
2	M	Addenda Type Code	"05"	2	3	2
3	M	Segment ID	"TXP"	4	6	3
4	M	Separator	"*"	7	7	1
5	M	Revenue Account Number	Numeric	8	16	10
6	M	Separator	"*"	17	17	1
7	M	Tax Type Code (found below)	Numeric	18	22	5
8	M	Separator	"*"	23	23	1
9	M	Tax Period End Date	YYMMDD	24	29	6
10	M	Separator	"*"	30	30	1
11	M	Amount Type Code	"T"	31	31	1
12	M	Separator	"*"	32	32	1
13	M	Amount	Numeric	33	42	10
14	M	Segment Terminator	"\"	43	43	1
15	M	Reserved	Spaces	44	83	39
16	M	Special Addenda Sequence	Numeric	84	87	4
17	M	Entry Detail Sequence Number	Numeric	88	94	7

*Variable

1 – Record Type Code – Mandatory

This field must have a value of "7," which will identify this record as an entry detail addenda record.

2 – Addenda Type Code – Mandatory

The addenda type code defines the specific interpretation and format for the addenda information contained in the same record. The value for this field is "05," which indicates special addenda information for CCD entries.

3 – Segment Identifier – Mandatory

This field must have a value of "TXP," which identifies this as being a tax payment.

4 – Separator - Mandatory

This field must be an asterisk (*), which identifies a separator.

5 – Revenue Account Number – Mandatory

This field must be the sending company's Revenue account number of the specific tax being paid. Do not use FEIN for this field.

6 – Separator – Mandatory

This field must be an asterisk (*), which identifies a separator.

7 – Tax Type Code – Mandatory

This field is used to determine the tax and document type of the associated payment. See Appendix C for the values to be used.

8 – Separator – Mandatory

This field must be an asterisk (*), which identifies a separator.

9 – Tax Period End Date – Mandatory

This field is the ending period covered for the associated tax payment. It must contain six numeric values for the year, month and day. If the ending period is only year and month, enter zeroes for the day.

10 – Separator – Mandatory

This field must be an asterisk (*), which identifies a separator.

11 – Amount Type Code – Mandatory

The value of this field must be a "T" to indicate that the payment is a tax payment.

12 – Separator – Mandatory

This field must be an asterisk (*), which identifies a separator.

13 – Amount – Mandatory

The amount of this transfer must be the same value as the amount field in the entry detail record. Leading zeroes need not be included.

14 – Segment Terminator – Mandatory

This field must be a "back slash" (\) to identify it as a segment terminator.³

³ Please note that the format of fields 3 (segment identifier) through 14 (segment terminator) must be in accordance with the Tax Payment Convention (TXP) as adopted by NACHA.

Appendix C: Tax Type Code – Table 1

Tax Type	EFT Tax Type Code	Tax Form Name
Sales Tax	02001	Monthly Sales Return
	02002	Amended Sales Return
	02003	Debit Payment
	02006	Quarterly Sales Return
	02007	Annual Sales Return
	02010	Cable & Telecomm (Monthly)
	02011	Cable & Telecomm (Quarterly)
	02012	Cable & Telecomm (Annual)
	02013	Streamlined Sales Tax SER (Monthly)
	02014	Amended Streamlined Sales Tax SER
	02015	Streamlined Sales Tax SER (Annual)
	02016	Amended Streamlined Sales Tax SER (Annual)
Liquor-by-the-drink Tax	03001	Liquor-by-the-drink Return
	03002	Liquor-by-the-drink Debit Payment
Professional Privilege Tax	13001	Broker Dealer Payment

Appendix C: Tax Type Code – Table 1

Tennessee Valley Authority (TVA)	05001	TVA Return
	05002	TVA Debit Payment
Tobacco Tax	11001	Purchase Req. Cigarette Stamps
	11002	Tobacco Products Return
	11004	Tobacco Debit Payment

Electronic Funds Transfer Payment Information

ACH Debit (Recommended Option)

What happens:

- Two Business Days Before
- Payment Due Date:
 - Payment Warehousing is available so payments can be scheduled for a future date.

Payment Due Date:

- Pre-authorized funds are electronically withdrawn from taxpayer's designated bank account and credited to State's Treasury account on the date **specified by taxpayer**.
- TNTAP account will reflect payment 2-3 business days from the date **specified by taxpayer** in the 'Payment Date' field on the payment request.

ACH Credit

What happens:

- Business Day Before
- Payment Due Date
 - Taxpayer instructs its bank to send an ACH credit to the State's Treasury for settlement on the payment due date. Taxpayer includes remittance information (State Account Number, Tax Type Code, Ending Period Date) with the payment for proper posting to their account.
 - Bank reports information to the ACH System.

Payment Due Date:

- Funds are electronically deposited to the State's Treasury designated bank account.
- State Treasury provides detailed payment information to the Department of Revenue.
- Department of Revenue updates payment records.

Disadvantages:

- Taxpayer must add extra step to payment process by notifying its bank to initiate the ACH credit.
- Taxpayer increases the chance of late payment if there is a failure in communication with its bank on instructions for initiating the ACH credit.
- Taxpayer's bank may not have capability of originating ACH transactions.